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James A. Ubel, Executive Director

Serving libraries in 32 southern and southeastern Illinois counties

Before the
Federal Communications Commission
Washington DC 20554

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In the Matter of:

Request for Review by the)	
Shawnee Library System)	
of the Decision)	FCC Docket Nos. 97-21
of the Universal Service Administrator)	and 96-45
Decision on Appeal – Funding Year)	
1999-2000)	

Applicant: Shawnee Library System
Billed Entity Number: 136814
Application Number: 147437

FRN Numbers: 0000242525
0000242526
0000287977
0000287985

Summary

We respectfully ask the Federal Communications Commission (FCC) to review the decision of the Universal Service Administrator for the funding year 1999-2000, whereby the Schools and Libraries Division (SLD) of the USAC has denied our application due to their belief that a “significant portion of the FRN’s are requests for school libraries which are not eligible to receive funding in this case based on the program rules for eligible entities.”

The appellant (“Shawnee Library System”) would like to state clearly that:

- a. The “ineligible” school libraries listed as participating entities are, in fact, clearly eligible school districts that are members of the consortium.

- b. The Shawnee Library System filed similar paperwork and explanations in Year 1 of the Program, along with follow-up information, and was approved for funding, based on a detailed explanation of the consortium.
- c. The Shawnee Library System has re-filed the Year 2 application with follow-up documents to the SLD that show the District names and contacts.
- d. The school libraries are the focal point of contact for the eligible schools and school districts to receive the Internet, and denying these entities Universal Service Support denies these rural schools and their children the benefits of the Universal Service Program.
- e. **There is no evidence of “double dipping,”** wherein the member school libraries/school districts ask for similar services in their applications – they have asked the SLD for support for non-Shawnee Consortium-provided services such as local voice telecommunications and Internal connections – but not for the same vital, clearly-eligible, Internet-related telecommunications and Internet access services the Shawnee Library System provides to its members.
- f. Finally, even if these entities are considered ineligible, they do not consist of a “significant portion” of the consortium. The schools in question are only 11 out of a total of 42 consortium members. To deny the benefits to all of the members, without allowing the possibility of partial funding for those clearly eligible, was not in the Congressional and the FCC's intent in the FCC's Order in 97-157 and negatively affected all of the consortium members.

Per the evidence attached, the Shawnee Library System respectfully asks that the FCC allow a reconsideration of the decision and allow all of the Shawnee Library System's members to be eligible entities – which we clearly believe they are – and allow Year 2 funding to be approved. The Shawnee Library System will re-file (once more) any proof to show that the “ineligible” entities are in fact schools and school districts that are eligible for Program support, similar to what was done in Year 1 to receive support.

If the FCC does not allow such a petition, we ask that the FCC allow the Shawnee Library System to re-file the application and allow funding to flow to those libraries that are not under question. However, the Shawnee Library System clearly states (and the evidence will show) that ALL of the schools and libraries listed are eligible for support, and even this remedy continues to deny eligible entities the support they are entitled to under Program Rules.

Statement of the Case

- The Shawnee Library System filed for Universal Service support in confirmation of the Rules in Year 1. All forms and supporting documentation were accepted and after consultation with Help Desk/Customer Service support staff, the application was accepted and a Commitment Letter for funding for Year 1 was approved. A copy of the Year 1 Funding Commitment Letter is attached as **Exhibit A**.

- In funding Year 2, the Shawnee Library System applied for support on the same basis that the support was approved in Year 1. The list of consortium members was identical to the one submitted in Year 1 (after considerable consultation with SLD personnel, including supervisory staff, on how to represent the consortium members).
- On November 8, 1999 the Shawnee Library System received a denial letter for Year 2 funding attached as **Exhibit B**.
- The Shawnee Library System filed an appeal on November 29, 1999 that included a revised consortium list attached as **Exhibit C**.
- On May 15, 2000 the Shawnee Library System received the Administrator's Decision on Appeal attached as **Exhibit D**.
- In the SLD's Decision on Appeal, the Shawnee Library System was told that the information submitted was invalid due to "a significant portion of the FRN's are request for school libraries which are not eligible to receive funding in this case based on the program rules for eligible entities."
- The SLD encourages consortia as evidenced by Page 3 of the Universal Service Fund Program Description for the 1999-2000 Funding Year attached as **Exhibit E**. The aggregated demand of multiple entities allows negotiations with service providers to result in lower costs for all consortia members.

As pointed out in its summary statement, the Shawnee Library System believes that the SLD's Decision on Appeal was unfair to all of the consortium members. By not taking into account the previous history of the Shawnee Library System's work with the SLD to reconcile the eligibility of the consortium members in Year 1 – and to follow-up in Year 2 by denying funding for all members on that same question is unfair. If the SLD had considered Exhibit C, they would have seen that only 26% of the consortium members were in question. We submit that the SLD uses a "30% rule" to deny funding line-items, and if this standard would apply, the application would have been at least partially funded, not completely denied as was the case here.

We submit that the FCC must re-consider the decision based on a variety of premises that are included herein. Among them is our contention that the exclusion of the school-based libraries is not based on whether or not these entities fulfill the intent of the program, but whether or not these entities can serve as "Trojan Horses" to hide two unfavorable outcomes as outlined in the FCC's Order in FCC 97-157 paragraphs 558-560.

In this section the FCC clearly did not want school-based libraries to: a) have entities with endowments over \$50 million receive Universal Service support; and b) apply twice for the same support, as "the library could attempt to receive support twice, first as a part of the school and second as an independent entity" (pp559).

We submit to the FCC that our consortium members **do not** violate either of these unintended outcomes. The consortium members in question are public, rural school libraries that are among some of the most economically challenged in Illinois (witness the Free/Reduced Price School Lunch Program numbers of the members), and b) are not applying nor receiving Universal Service support for the same services.

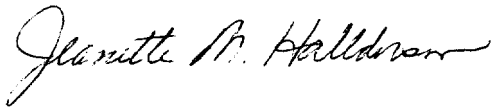
In fact, the SLD's actions in this case did exactly what the Congress intended the Program Rules NOT to do – "...inflict the most harm upon the economically disadvantaged schools and libraries eligible for the greatest percentages of universal service support" (pp557).

We respectfully ask that the Commission review and reconsider this Appeal and submit the Shawnee Library System's Year 2 application back to the SLD for additional consideration along the lines of the actions taken in Year 1. The Shawnee Library System will also re-submit whatever documentation necessary to the SLD to show that the allegedly ineligible entities are, in fact, eligible and the entire application for eligible services is valid.

Please do not hesitate to call us if there are any questions surrounding this Appeal.

Contact person: Shawnee Library System
Jeanette M. Halldorson
607 South Greenbriar Rd.
Carterville, IL 62918
Phone: (618) 985-3711
Fax: (618) 985-4211

Yours very truly,



Jeanette M. Halldorson
Assistant Director
Shawnee Library System

Enclosures

Attachment A:
Year 1 – Funding Commitment Letter



Schools and Libraries
Division

Box 125 - Correspondence Unit
100 South Jefferson Road
Whippany, NJ 07981

SHAWNEE LIBRARY SYSTEM

Jeanette M. Halldorson
607 S GREENBRIAR RD
CARTERVILLE IL 62918-1600

January 31, 1999

Re: Form 471 Application Number: 46198
Funding Year: 1998
Billed Entity Number: 136814

We have completed our review of your FCC Form 471, Services Ordered and Certification Form, and made decisions with respect to your requests for discounts along with other applications received within the same time period. This letter is to advise you of our decisions.

As you may know, the Federal Communications Commission (FCC) in June 1998 made two changes to the Universal Service Fund for schools and libraries that have direct bearing on your discount request for 1998. First, the 1998 program year has been extended by six months, for a new ending date of June 30, 1999. Second, the FCC established new funding priorities whereby all eligible applicants will receive discounts for eligible telecommunications services and Internet access. Support for internal connections will be allocated in accordance with need so that schools and libraries will receive discounts in order of the discount percentages for which they qualify beginning with applications qualifying for the highest discount percentages. Discounts for internal connections will continue until all funds are exhausted. These changes are reflected in the information in this letter regarding your discount request.

On the following page(s) is a list, by row of Items 15 and 16 of your FCC Form 471. For each item, there is a Funding Request Number (FRN) and several other

very important pieces of information relating to the disposition of that request. A complete explanation of each item begins below.

If you have any questions about our decisions on your discounts, you may send them in writing to the Schools and Libraries Corporation, Box 125 - Correspondence Unit, 100 South Jefferson Road, Whippany, NJ 07981.

Your next step in the discounting process is to complete and submit the FCC Form 486 enclosed with this letter to notify the SLC that you are currently receiving or have already begun to receive services for which discounts have been approved. This will enable your service providers to invoice SLC for your discounts. Please note that we are notifying each service provider listed on your Form 471 of our decision on your discount request. In addition, you should contact each service provider yourself to make any necessary arrangements regarding start of services, billing of discounts, and any other administrative details relevant to your participation in the Universal Service Fund. For important information about your Form 486, see next page.

FCC Form 471 Applicants who are approved for discount eligibility are reminded that they continue to be subject to audits and other reviews that the SLC may undertake to assure that discounted services are being used in compliance with program rules. If the SLC discovers that discounted services are not being used in compliance with program rules, 471 Applicants will be subject to enforcement activities and other means of recourse by the SLC and other appropriate Federal, state, and local authorities.

Explanation of Information Provided in SLC Funding Notification

On the following pages we provide you with a synopsis of the discount eligibility decision for each item you requested. To help understand this synopsis the following definitions are provided:

- * **Funding Request Number (FRN):** A number assigned by the SLC that will identify a Funding Request. A Funding Request is a single row of item 15 or 16.
- * **Funding Status:** An item may be "Funded," "Denied," "Partially Funded," or not approved because of "Funds Exhausted." An item that is "Funded" will be approved at the level that SLC determines is appropriate for that item. That will generally be the level requested by the Applicant unless the SLC determines during the application review process that some adjustment is appropriate, for example, a different discount percentage for that item than the FCC Form 471 featured. If an item is "Denied," that denial will be briefly explained in the "Funding Commitment Decision," and amplification of that explanation may be offered in the section, "Funding Commitment Decision Explanation." An item will be "Partially Funded" or "Unfunded," in accordance with FCC program rules, if the total amount of funds in the Universal Service Fund is insufficient to fully fund all approved requests. If the Form 471 was received after all the funds in the Universal Service Fund were allocated and it was processed, the status will indicate "Unfunded - Funds Exhausted."
- * **SPIN (Service Provider Identification Number):** A unique number assigned to each service provider by the Universal Service Administrative Company (USAC).
- * **Service Provider Name:** The legal name of the service provider.
- * **Provider Contract Number:** The number of the contract between the eligible party and the service provider. This will be present only if a contract number was provided on Form 471.
- * **Services Ordered:** The type of service ordered from the service provider, as shown on Form 471.

- * **Earliest Possible Effective Date of Discount:** The first possible date of service for which the SLC will reimburse the service provider for discounted services. Note: If the actual service start date provided on a Form 486 is later than this date, the actual service start date set forth in the Form 486 will be the effective date of the discount.
- * **Contract Expiration Date:** The date the contract expires. This will be present only if a contract expiration date was provided on Form 471.
- * **Estimated Total Annual Pre-discount Cost:** Amount in Column 10 of Item 15/16, Form 471 as determined through the application review process, PLUS an automatic extension of monthly costs for Telecommunications Services and Internet Access through June 30, 1999. Please note that, during the Problem Resolution process at SLC, the amount in Col. 10 of Item 15/16 may have been corrected to conform to the information provided about Service Start Date and Monthly Costs.
- * **Discount Percentage Approved by SLC:** This is the discount rate that the SLC has approved for this service.
- * **Funding Commitment Decision:** This represents the total amount of funding that the SLC is now reserving to reimburse service providers for the cost of the discount for this service. This figure may be different from the Estimated Total Annual Pre-Discount Cost (Col. 10 of Item 15/16) times the Percentage Discount (Col. 11 of Item 15/16) in your application. It may be higher because of the addition of the monthly cost for Telecommunications Services and Internet Access for the six months from January 1, 1999, through June 30, 1999. It may be lower because of an adjustment determined appropriate by the SLC, such as of the discount percentage, or a denial of discounts and, if so, the accompanying comment will explain this difference. The difference may also reflect a reduction from the request level made necessary by overall funding limitations, in which case the "Funding Status" above will indicate "Partially Funded" or "Unfunded." Whatever amount is listed here, it is important that you and your service provider both recognize that the SLC should be invoiced and the SLC may direct disbursement of discounts on only eligible, approved services actually rendered.
- * **Funding Commitment Decision Explanation:** This entry may appear to amplify the comment in the "Funding Commitment Decision," if the discount request for this service is denied for reasons other than "Unfunded" or if the SLC determined that some adjustment to the request level was appropriate.

Using the Enclosed FCC Form 486 and Invoice

FCC Form 486: You will use this form to notify the SLC that you are currently receiving or have already received services for which discounts have been approved. Your completed Form 486 allows us to begin processing invoices from your service providers for your discounts. It also sets in motion the process by which you and your service provider can invoice SLC for approved services you have already paid for.

Each Billed Entity Applicant must file a separate Form 486, although each Billed Entity's Form 486 may include services from multiple Forms 471 if the same Billed Entity Number is listed on the various Funding Commitment Decision letters that you receive. When completing your Form 486, please be certain to use the Billed Entity Number as listed at the beginning of this Funding Commitment letter. (We may have revised or corrected the Billed Entity Number from your original Form 471, so please use the number exactly as it is listed in this letter.)

To assist in completing your Form 486, we have pre-printed your Block 1 information, including the Billed Entity Number. Please review the pre-printed

information. If you believe there is an error in the pre-printed information -except for the Billed Entity Number-please cross off and print the correct information above each item. Then make multiple copies of this Billed Entity -specific Form 486 for future use, and follow the instructions with the form to complete and submit it to SLC.

Billed Entity Applicant Reimbursement Form: If you have already paid in full for services for which you are now being approved for discounts, you can use the enclosed Billed Entity Applicant Reimbursement Form to seek reimbursement from your service provider. This Form is not for use by service providers, who have their own invoice form. If you plan to submit a Billed Entity Applicant Reimbursement Form, please read and follow the instructions carefully regarding the Form as well as the Form 486 to avoid delay in processing your reimbursement.

SLC Funding Notification Synopsis for Application Number: 00046198

Funding Request Number:00121959 Funding Status: Funded
SPIN: 143004791 Service Provider Name: GTE North Incorporated
Provider Contract Number: C
Services Ordered: Telecommunications Services
Effective Date of Discount: 01/01/1998 Contract Expiration Date: 03/31/2002
Estimated Total Annual Pre-discount Cost: \$102,438.00
Discount Percentage Approved by SLC: 55%
Funding Commitment Decision: \$56,340.90 - FRN approved; modified by SLC
Funding Commitment Decision Explanation: The shared discount was corrected.

Funding Request Number:00121962 Funding Status: Funded
SPIN: 143001912 Service Provider Name: Ameritech-Illinois (aka Illinois Bell
Provider Contract Number: C
Services Ordered: Telecommunications Services
Effective Date of Discount: 01/01/1998 Contract Expiration Date: 03/31/2002
Estimated Total Annual Pre-discount Cost: \$28,781.00
Discount Percentage Approved by SLC: 55%
Funding Commitment Decision: \$15,829.55 - FRN approved; modified by SLC
Funding Commitment Decision Explanation: The shared discount was corrected.

Funding Request Number:00140715 Funding Status: Unfunded or Denied
SPIN: 143004840 Service Provider Name: Network Integration & Consulting Servi
Provider Contract Number: C
Services Ordered: Internal Connections (Shared)
Effective Date of Discount: 01/01/1998 Contract Expiration Date: 06/30/1998
Estimated Total Annual Pre-discount Cost: \$53,527.00
Discount Percentage Approved by SLC: N/A
Funding Commitment Decision: \$0.00 - SrvC/Discnt will NOT be funded
Funding Commitment Decision Explanation: The shared discount was corrected. Funding
cap will not provide for Internal Connections less than 62% discount to be funded.
Please see WWW.SLCFUND.ORG What'

Attachment B:
Year 2 – Funding Commitment Denial Letter



Box 125 – Correspondence Unit
100 South Jefferson Road
Whippany, NJ 07981

SHAWNEE LIBRARY SYSTEM
JEANETTE M. HALLDORSON
607 S GREENBRIAR RD
CARTERVILLE IL 62918-1600

November 2, 1999

Re: Form 471 Application Number: 147437
Funding Year: 07/01/1999 - 06/30/2000
Billed Entity Number: 136814

Thank you for your 1999-2000 E-rate application and for any assistance you provided throughout our review. We have completed processing of your Form 471. This letter is to advise you of our decisions.

FUNDING COMMITMENT REPORT

From your Form 471, we reviewed row-by-row discount requests in Items 15 and 16. We assigned each row a Funding Request Number (FRN). On the pages following this letter, we have provided a Funding Commitment Report for each FRN in your application.

Attached to this letter you will find a guide that defines each line of the Funding Commitment Report and a complete list of FRNs from your application. The SLD is also sending this information to your service provider(s) so arrangements can be made to begin implementing your E-rate discount(s). We would encourage you to contact your service providers to let them know your plans regarding these services.

FOR QUESTIONS

If you have questions regarding our decisions on your E-rate application, please notify us in writing. Your questions should be sent to: Questions, Schools and Libraries Division, Universal Service Administrative Company, Box 125 - Correspondence Unit, 100 South Jefferson Road, Whippany, NJ 07981.

FOR APPEALS

If you wish to appeal to the SLD, your appeal must be made in writing and received by us within 30 days of issuance of this letter as indicated by its postmark. In your letter of appeal, please include: correct contact information for the appellant, information on the Funding Commitment Decision you are appealing and the specific Funding Request Number in question, and an original authorized signature. Appeals sent by fax, e-mail or phone call cannot be processed. Please mail your appeal to: Letter of Appeal, Schools and Libraries Division, Box 125 - Correspondence Unit, 100 South Jefferson Road, Whippany, NJ 07981. You may also call our Client Service Bureau at 888-203-8100. While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC): FCC, Office of the Secretary, 445 12th Street SW, Room TW-A 325, Washington, D.C. 20554.

NEXT STEPS

Once you have reviewed this letter and have determined that some or all of your requests have been funded, your next step is to complete and submit the enclosed FCC Form 486. This Form notifies the SLD that you are currently receiving or have begun receiving services approved for discounts and provides certified indication that your technology plan(s) has been approved. As you complete your Form 486, you should also contact your service provider to verify they have received notice from the SLD of your commitments. After the SLD processes your Form 486, we can begin processing invoices from your service provider(s) so they can be reimbursed for discounted services they have provided you. For further detailed information on next steps, please review all enclosures.

NOTICE ON RULES AND FUNDS AVAILABILITY

Applicants' receipt of funding commitments is contingent on their compliance with all statutory, regulatory, and procedural requirements of the universal service mechanisms for schools and libraries. FCC Form 471 Applicants who have received funding commitments continue to be subject to audits and other reviews that SLD or the Commission may undertake periodically to assure that funds have been committed and are being used in accordance with all such requirements. If the SLD subsequently determines that its commitment was erroneously issued due to action or inaction, including but not limited to that by SLD, the Applicant, or service provider, and that the action or inaction was not in accordance with such requirements, SLD may be required to cancel these funding commitments and seek repayment of any funds disbursed not in accordance with such requirements. The SLD, and other appropriate authorities (including but not limited to USAC and the FCC) may pursue enforcement actions and other means of recourse to collect erroneously disbursed funds.

The timing of payment of invoices may also be affected by the availability of funds based on the amount of funds collected from contributing telecommunications companies.

We look forward to continuing our work with you on connecting our schools and libraries together through communications technology.

Sincerely,
Kate L. Moore
President, Schools and Libraries Division, USAC

Enclosures

EXPLANATION OF A FUNDING COMMITMENT REPORT

Attached to this letter will be a report for each approved E-rate funding request from your application. We are providing the following definitions.

- * **FUNDING REQUEST NUMBER (FRN):** A Funding Request Number is assigned by the SLD to each line completed in Items 15 and 16 of your Form 471 once an application has been processed. This number is used to report to applicants and vendors the status of individual discount requests submitted on a Form 471. Applicants and vendors learned about FRNs when they received their Receipt Acknowledgement Letter and must use these numbers when completing the Form 486 and Invoices. An FRN will never be longer than 10 digits. If a FRN is shorter than 10 digits, applicants are advised to add zeroes to the front of the numbers to reach 10 digits when filing post-commitment forms.
- * **FUNDING STATUS:** Each FRN will have one of six definitions: "Funded", "Denied", "Partially Funded", "Funds Exhausted", "Unfunded", or "As Yet Unfunded". An FRN that is "Funded" will be approved at the level that SLD determined is appropriate for that item. That will generally be the level requested by you unless the SLD determines during the application review process that some adjustment is appropriate, for example, a different discount percentage for that FRN than the Form 471 featured. A "Denied" FRN is one for which no funds will be committed, and the reason for that decision will be briefly explained in the "Funding Commitment Decision", and amplification of that explanation may be offered in the section, "Funding Commitment Decision Explanation". In accordance with FCC program rules, FRNs are "Partially Funded" or "Unfunded", if the total amount of funds in the Universal Service Fund is insufficient to fully fund or fund all approved requests. If the Form 471 was received after all the funds in the Universal Service Fund were allocated and it was processed, the status will indicate "Unfunded - Funds Exhausted". "As Yet Unfunded" is a temporary status that would be assigned to an FRN when the SLD is uncertain at the time the letter is generated whether there will be sufficient funds to make commitments for a particular service type at a particular discount level. For example, if your application included both telecommunications services and internal connections, you might receive a letter with our funding commitment for your telecommunications requests and a message that your internal connections requests are "As Yet Unfunded". You would then receive a later letter regarding our funding decision on your internal connections requests.
- * **SPIN (Service Provider Identification Number):** A unique number assigned by the Universal Service Administrative Company to vendors seeking payment from the Universal Service Fund for participating in the universal service support programs. A SPIN contains 9 digits and should be included by applicants on their completed Form 471 applications. A SPIN is also used to verify delivery of services and to arrange for payment.
- * **SERVICE PROVIDER NAME:** The legal name of the service provider.
- * **PROVIDER CONTRACT NUMBER:** The number of the contract between the eligible party and the service provider. This will be present only if a contract number was provided on Form 471.
- * **SERVICES ORDERED:** The type of service ordered from the service provider, as shown on Form 471.
- * **EARLIEST POSSIBLE EFFECTIVE DATE OF DISCOUNT:** The first possible date of service for which the SLD will reimburse service providers for the discounts for the service. Note: If the actual service start date provided on a Form 486 is later than this date, the actual service start date set forth in the Form 486 will be the effective date of the discount.
- * **CONTRACT EXPIRATION DATE:** The date the contract expires. This will be present

only if a contract expiration date was provided on Form 471. This is not applicable for tariff services.

- * SITE IDENTIFIER: This will appear only for FRNs listed in Item 16 of your Form 471. For public schools, the 12-digit NCES code you listed in Item 14 for this school site will appear here. If there is no NCES Code for an FRN in Item 16, the SLD-assigned entity number will appear here.
- * PRE-DISCOUNT COST: Amount in Column 10 of Item 15/16, Form 471, as determined through the application review process. Please note that, during the Problem Resolution process at SLD, the amount in Col. 10 of Item 15/16 may have been corrected to conform to the information provided about Service Start Date and Monthly Costs.
- * DISCOUNT PERCENTAGE APPROVED BY THE SLD: This is the discount rate that the SLD has approved for this service.
- * FUNDING COMMITMENT DECISION: This represents the total amount of funding that the SLD is now reserving to reimburse service providers for the discounts for this service through June 30, 2000. This figure may be different from the Estimated Total Annual Pre-Discount Cost (Col. 10 of Item 15/16) times the Percentage Discount (Col. 11 of Item 15/16) in the 471 application. It may be lower because of an adjustment determined appropriate by the SLD, such as of the discount percentage, or a denial of discounts and, if so, the accompanying comment will explain this difference. The difference may also reflect a reduction from the request level made necessary by overall funding limitations, in which case the "Funding Status" above will indicate "Partially Funded" or "Unfunded". Whatever amount is listed here, it is important that you and the service provider both recognize that the SLD should be invoiced and the SLD may direct disbursement of discounts on only eligible, approved services actually rendered.
- * FUNDING COMMITMENT DECISION EXPLANATION: This entry may appear to amplify the comment in the "Funding Commitment Decision", if the discount request for this service is denied for reasons other than "Unfunded" or if the SLD determined that some adjustment to the request level was appropriate.

FUNDING COMMITMENT REPORT FOR APPLICATION NUMBER: 0000147437

Funding Request Number: 0000242525 Funding Status: Unfunded or Denied
SPIN: 143004791 Service Provider Name: GTE North Incorporated
Provider Contract Number: C
Services Ordered: Telecommunications Services
Earliest Possible Effective Date of Discount: 07/01/1999
Contract Expiration Date: 03/31/2002
Pre-discount Cost: \$136,500.00
Discount Percentage Approved by the SLD: N/A
Funding Commitment Decision: \$0.00 - Incl. entity receiving service
Funding Commitment Decision Explanation: A significant portion of the FRN is a request for school libraries which are not eligible to receive funding based on the program rules for eligible entities.

Funding Request Number: 0000242526 Funding Status: Unfunded or Denied
SPIN: 143001912 Service Provider Name: Ameritech-Illinois (aka Illinois Bell Telephone Company)
Provider Contract Number: C
Services Ordered: Telecommunications Services
Earliest Possible Effective Date of Discount: 07/01/1999
Contract Expiration Date: 03/31/2002
Pre-discount Cost: \$31,500.00
Discount Percentage Approved by the SLD: N/A
Funding Commitment Decision: \$0.00 - Incl. entity receiving service
Funding Commitment Decision Explanation: A significant portion of the FRN is a request for school libraries which are not eligible to receive funding based on the program rules for eligible entities.

Funding Request Number: 0000287977 Funding Status: Unfunded or Denied
SPIN: 143004840 Service Provider Name: Network Integration & Consulting Services
Provider Contract Number: C
Services Ordered: Internal Connections (Shared)
Earliest Possible Effective Date of Discount: 07/01/1999
Contract Expiration Date: 06/30/2000
Pre-discount Cost: \$135,000.00
Discount Percentage Approved by the SLD: N/A
Funding Commitment Decision: \$0.00 - Incl. entity receiving service
Funding Commitment Decision Explanation: A significant portion of the FRN is a request for school libraries which are not eligible to receive funding based on the program rules for eligible entities.

Funding Request Number: 0000287985 Funding Status: Unfunded or Denied
SPIN: 143004840 Service Provider Name: Network Integration & Consulting Services
Provider Contract Number: C
Services Ordered: Internal Connections (Shared)
Earliest Possible Effective Date of Discount: 07/30/1999
Contract Expiration Date: 04/30/2000
Pre-discount Cost: \$723,386.00
Discount Percentage Approved by the SLD: N/A
Funding Commitment Decision: \$0.00 - Incl. entity receiving service
Funding Commitment Decision Explanation: A significant portion of the FRN is a request for school libraries which are not eligible to receive funding based on the program rules for eligible entities.

Attachment C:

**Year 2 - Initial Shawnee Appeal to the SLD Including
Re-Submitted Entity List for Year 2 Application**



607 Greenbriar Road • Carterville, IL 62918-1600 • (618) 985-3711 • Fax: (618) 985-4211
James A. Ubel, Executive Director

Serving libraries in 32 southern and southeastern Illinois counties

November 29, 1999

Letter of Appeal
Schools and Libraries Division
Box 125-Correspondence Unit
100 South Jefferson Road
Whippany, NJ 07981

Gentlemen:

Contact Information: Jeanette M. Halldorson, Assistant Director
Shawnee Library System
607 S. Greenbriar Road
Carterville, IL 62918
Phone: 618-985-3711 ext. 218
Fax: 618-985-4211
E-mail: jeanieh@shawls.lib.il.us
(For technical information you may wish to contact Debbie Hickman,
Coordinator of Automation Services, at the same phone number ext. 216
or e-mail deb@shawls.lib.il.us.)

FCD Letter:	Applicant:	Shawnee Library System
	Form 471 Application Number:	147437
	Billed Entity Number:	136814

FRN Numbers: 0000242525
0000242526
0000287977
0000287985

Heart of Our Appeal: Ineligible entity receiving service (a significant portion of the FRN is a request for school libraries which are not eligible to receive funding based on the program rules for eligible entities)

Explanation: We believe the problem with our 471 application is because school libraries rather than school districts were listed as participating entities. It is the school district that is a member of the Shawnee Library System. The school superintendent or his/her designee handles all financial matters. The school librarian is our contact person.

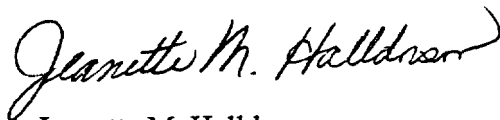
Letter of Appeal
Schools and Libraries Division
November 30, 1999
Page 2

We had several discussions with your staff last year concerning how to list our participating entities and followed the same procedure this year. Since our request was funded last year, we naturally assumed that there would be no problem this year. Attached are a revised Block 4 and supporting documentation to identify school districts rather than school libraries.

None of our participating school districts or public libraries is requesting reimbursement for their data circuits to our consortium database. The telecommunications network and maintenance costs are paid by the Shawnee Library System. We then bill the participating entities for their share of these costs.

All of our participating school districts and public libraries are eligible to apply for LSTA grants through the Illinois State Library. Many of them have also successfully applied for e-rate discounts on services not related to our consortium such as local and long distance telephone service. We hope you will decide to fund these requests so that our school districts and public libraries will not be penalized for participating in our consortium.

Yours very truly,

A handwritten signature in cursive script, reading "Jeanette M. Halldorson".

Jeanette M. Halldorson
Assistant Director

Enclosures

Block 4: Determining Discount Percentages

14: Fill in one line per school, library, or library consortium and calculate in the last line, an average discount rate for the billed entity. Attach additional pages if necessary. Note: If the applicant has already completed this chart for all of the same entities with data that is current, provide the "471 Application Number" (Item 3b), from that previous FCC Form 471 here:

1	2	3	4	5	6	7
			<u>For Schools:</u>	<u>For Schools:</u>		Check if
	NCES		Number of	Number of	Discount	School or
	Comparable		Students	Students	Calculated	Library will
	Code of School		<u>For Libraries:</u>	Eligible for	from	use "Shared
	or Library	Urban	NCES Code of a	National School	Discount	Services"
	(obtain from	or	School in its	Lunch Program	Matrix	listed in
Name of Individual	administrator)	Rural	District			Item 15.
School or Library						
Alto Pass Public Library	1710570	R	171057004576		67%	(X)
Bryan-Bennett Library (Salem)	1735160	R	173516003679		57%	(X)
Carbondale Public Library	1708340	R	170834000448		72%	(X)
Central City Public Library	1709180	R	170918000527		70%	(X)
Centralia Regional Library	1709270	R	170927000533		68%	(X)
Centralia High School District #200	170930000538	R	1145	180	50%	(X)
Chester Public Library	1709810	R	170981000578		62%	(X)
Christopher Unit School District #99	171014001234	R	788	332	67%	(X)
Cobden Public Library	1710570	R	171057004576		67%	(X)
DuQuoin Community Unit District #300	171276001530	R	1602	693	70%	(X)
DuQuoin Public Library	1712760	R	171276001535		70%	(X)
East Richland Community Unit #1	171329001583	R	2195	725	62%	(X)
Eldorado Community Unit #4	171366001662	R	1356	475	65%	(X)
Eldorado Memorial Public Library	1713660	R	171366001661		65%	(X)
Evans Public Library (Vandalia)	1740140	R	174014004043		58%	(X)
Fairfield Community High School District #225	172618001816	R	554	56	50%	(X)
Fairfield Public Library	1714710	R	171471001815		60%	(X)
Flora Public Library	1715400	R	171540005279		66%	(X)
Freeburg Area Library	1715820	U	171582001891		40%	(X)
Grayville Community Unit School District #1	171758002058	R	341	108	64%	(X)
Harrisburg Community Unit School District #3	171827002113	R	2266	794	66%	(X)
Harrisburg Public Library	1718270	R	171827004404		66%	(X)
Herrin City Library	1718810	R	171881002160		68%	(X)

Block 4: Determining Discount Percentages

14: Fill in one line per school, library, or library consortium and calculate in the last line, an average discount rate for the billed entity. Attach additional pages if necessary. Note: If the applicant has already completed this chart for all of the same entities with data that is current, provide the "471 Application Number" (Item 3b), from that previous FCC Form 471 here:

1	2	3	4	5	6	7
	NCES		<u>For Schools:</u>	<u>For Schools:</u>		Check if
	Comparable		Number of	Number of	Discount	School or
	Code of School		Students	Students	Calculated	Library will
	or Library	Urban	<u>For Libraries:</u>	Eligible for	from	use "Shared
Name of Individual	(obtain from	or	NCES Code of a	National School	Discount	Services"
School or Library	administrator)	Rural	School in its	Lunch Program	Matrix	listed in
			District			Item 15.
Irvington Public Library	1720190	R	172019002273		70%	(X)
Lebanon Public Library	1722300	U	172230002499		57%	(X)
Marion Carnegie Library	1724600	R	172460002663		63%	(X)
Mascoutah Public Library	1724940	U	172494002704		50%	(X)
Mt. Carmel Public Library	1740470	R	174047004072		60%	(X)
C.E. Brehm Memorial Public Library (Mt. Vernon)	1727340	R	172734002900		68%	(X)
Mt. Vernon Township High School #201	172736002904	R	1378	332	60%	(X)
Murphysboro Community Unit School District #186	172761002925	R	2597	1130	70%	(X)
New Athens Public Library	1727960	U	172796004763		44%	(X)
North Wamac Public Library	1740680	U	174068004088		80%	(X)
Olney Public Library	1713290	R	171329001581		62%	(X)
Robinson Public Library	1734230	R	173423003509		58%	(X)
Salem Community High School #600	173519003681	R	936	59	50%	(X)
Sallie Logan Public Library (Murphysboro)	1727610	R	172761002922		70%	(X)
Shawnee Library System (Cartersville)	1708640	R	170864000506		64%	(X)
Stinson Memorial Library (Anna)	1703750	R	170375000066		67%	(X)
Trenton Public Library	1739420	U	173942003990		40%	(X)
West Frankfort Public Library	1741580	R	174158004166		62%	(X)
Wolf Lake Public Library	1742990	R	174299004312		75%	(X)
Average Discount Rate					62%	

Attachment D:
Year 2 - SLD Decision on Appeal



UNIVERSAL SERVICE
ADMINISTRATIVE CO.

SCHOOLS AND LIBRARIES DIVISION

Box 125 – Correspondence Unit
100 South Jefferson Road
Whippany, New Jersey 07981

Administrator's Decision on Appeal - Funding Year 1999-2000

May 9, 2000

Jeanette M. Halldorson
Shawnee Library System
607 South Greebriar Road
Carterville, IL 62918

Re: Billed Entity Number: 136814
 Application Number: 147437
 Funding Request Number(s): 242525,242526,287977, 287985
 Your Correspondence Dated: November 29,1999

After thorough review and investigation of your appeal, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company has resolved your appeal seeking approval of additional discounts for the second program year. This letter addresses our decision concerning each Funding Request Number that was included in your letter of appeal for the Application Number cited above. If your letter of appeal addressed more than one Application Number, a separate letter will be issued to inform you of our decision on the appeal of each Application Number.

Funding Request Numbers: 242525,242526,287977, 287985

Decision on Appeal: Denied in full

Denial Reason(s):

- A significant portion of the FRNs are request for school libraries which are not eligible to receive funding in this case based on the program rules for eligible entities. A school library can not be used as an entity unless it is operating under a separate budget. The information submitted on the original application and during the review process until application approval is the responsibility of the applicant. Information provided by the application can not be considered once the application is approved, unless the error is proven the fault of SLD.

If you feel further examination of your application is in order; you may file an appeal with the Federal Communications Commission, Office of the Secretary, 445 12TH Street, SW, Room TW-A325, Washington, DC 20554. Before preparing and submitting your appeal, please be sure to review the FCC rules concerning the filing of an appeal of an Administrator's Decision, which are posted to the SLD Web Site at <www.sl.universalservice.org>. You must file your appeal

with the FCC no later than 30 days from the date of the issuance of this letter, in order for your appeal to be timely filed.

You should now move ahead, if you haven't already done so, with your Form 486 and related post-commitment arrangements for services for which funds have been committed and services have begun to flow. We thank you for your continued support, patience, and cooperation during the appeal process.

Schools and Libraries Division
Universal Service Administrative Company

Attachment E:

**Page 3 of the “Universal Service Fund Program Description
for the 1999-2000 Funding Year”**

- Public libraries
- Private libraries
- Research libraries that: (1) make publicly available library services and material suitable for scholarly research that is not otherwise available to the public and (2) are not an integral part of an institution of higher education
- Academic libraries (unless their budget is completely independent)
- Libraries whose budgets are not completely independent from schools'

Consortia

A school or library can apply for a discount on a specific service either as an individual entity or as part of a consortium with entities within its community (e.g., schools, school districts, libraries, library systems, government, and health care providers) which identify their common communications needs and plan for a community infrastructure. A consortium could negotiate with service providers from a position of strength due to the aggregated demand.

Consortia may include both eligible and ineligible entities. Ineligible entities are those members of a consortium that are not entitled to a discount. Entities not eligible for universal service discounts, however, may benefit from lower *pre-discount* prices from such aggregation. Mixing eligibility will place significant record-keeping responsibility on consortia. They will be required to demonstrate that only eligible entities receive the discounts.

Consortia are not required but are encouraged. Consortia advantages are:

- Aggregating demand attracts competitors and allows negotiating lower prices.
- Consolidating services achieves improved efficiency.
- Sharing both network infrastructure and knowledge results in lower costs for all.
- Sharing facilities reduces costs.
- Sharing technical staff reduces costs.

Calculating the Discount

Discounts for eligible schools and libraries are set as a percentage of the pre-discount price. *Pre-discount price* means the price the service provider agrees to accept as total payment for its telecommunications or information services. The level of discount will be based on a school's or library's percentage of students eligible for the National School Lunch Program and its location in an urban or rural area.

INCOME Measured by % of students eligible for the National School Lunch Program	URBAN LOCATION E-Rate Discount	RURAL LOCATION E-Rate Discount
If the percentage of students in your school that qualify for the National School Lunch Program is...	...and you are in an URBAN area, your E-rate discount will be...	...and you are in a RURAL area, your E-rate discount will be...